Case 3:08-cv-03247-BZ

Document 34 / Filed 07/10/2008

S JS 44 (Rev. 12/07) (cand rev 1-16-08)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil decket sheet. (SEE INSTRUCTIONS ON PAGE TWO OF THE FORM.)

the civil docket sheet. (SEE INST	RUCTIONS ON PAGE IV	VO OF THE FORM	· <u>) </u>							
I. (a) PLAINTIFFS				DEFENDANTS						
TELESPREE COMMUNICATIONS				MFORMATION TECHNOLOGIES INC.						
(b) County of Residence of First Listed Plaintiff San Francisco, California (EXCEPT IN U.S. PLAINTIFF CASES)				County of Residence of First Listed Defendant Middlesex, New Jersey (IN U.S. PLAINTIFF CASES ONLY) NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE						
(c) Attorney's (Firm Name, Address, and Telephone Number)				ì	LAND INVOLVED. Attorneys (If Known)					
STEPHEN J. AKERLEY (SBN -160757) O'Melveny & Myers LLP 2765 Sand Hill Road Menlo Park, California 94025										
II. BASIS OF JURISDICTION (Place an "X" in One Box Only)				ITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff (For Diversity Cases Only) and One Box for Defendant)						
U.S. Government 3 Federal Question Plaintiff (U.S. Government Not a Party)			Ci	PTF DEF PTF DEF Citizen of This State PTF DEF 1 Incorporated or Principal Place of Business In This State						
2 U.S. Government Defendant	2 U.S. Government X 4 Diversity		Ci	Citizen of Another State 2 2 Incorporated and Principal Place 5 5 5 of Business In Another State						X 5
			Ci	tizen or Subject of a Foreign Country	3	☐ 3	Foreign Nation		6	6
IV. NATURE OF SUIT	(Place an "X" in One Box Only	<u> </u>								
CONTRACT		RTS		FORFEITURE/P	ENALTY	_	BANKRUPTCY		HER STAT	
110 Insurance	PERSONAL INJURY	PERSONAL IN		610 Agriculture	D		Appeal 28 USC 158 Withdrawal	_	ate Reapport	ionment
120 Marine 130 Miller Act	310 Airplane 315 Airplane Product	362 Personal Injuded. Malpr		620 Other Food &		423	28 USC 157	410 Ar	ntirust inks and Ban	king
140 Negotiable Instrument	Liability	365 Personal Inj		of Property		1		¥ 450 Cc	mmerce	J
150 Recovery of Overpayment	320 Assault, Libel &	Product Lial		630 Liquor Laws		PRO	PERTY RIGHTS	460 De		
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190 Other Contract	355 Motor Vehicle Product Liability	Property Da		710 Fair Labor St	angargs		HIA (1395ff) Black Lung (923)		USC 3410	nenge
195 Contract Product Liability	360 Other Personal Injury	385 Property Da		720 Labor/Mgmt.	Relations	863	DIWC/DIWW (405(g))			Actions
196 Franchise				730 Labor/Mgmt.		864	SSID Title XVI	891 Ag	gricultural Ac	cts
REAL PROPERTY	CIVIL RIGHTS	PRISONE PETITION			& Disclosure Act 740 Railway Labor Act		865 RSI (405(g))		892 Economic Stabilization Act 893 Environmental Matters	
210 Land Condemnation	441 Voting	510 Motions to	Vacate	790 Other Labor					ergy Allocat eedom of Ini	
220 Foreclosure	442 Employment	Sentence		791 Empl. Ret. Ir	791 Empl. Ret. Inc.		ERAL TAX SUITS	Ac		iormation
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240 Torts to Land 245 Tort Product Liability	444 Welfare	535 Death Penal	ty				or Defendant)		etermination	
290 All Other Real Property	445 Amer. w/Disabilities -	540 Mandamus		IMMIGRAT	ION		IRS—Third Party		nder Equal A Justice	Access
	Employment	550 Civil Rights		462 Naturalization	Application	1	26 USC 7609		nstitutionali	tvof
	446 Amer. w/Disabilities - Other	555 Prison Cond	ition	463 Habeas Corp					ate Statutes	.,
	440 Other Civil Rights			Alien Detain						
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V. ORIGIN (Place an "X"	" :- O B O-b-)			Tros	sferred fr	om			Appeal to E	District
·	" in One Box Only)	anded from	A Daines				6 Multidistrict			
Proceeding State Court Appellate Court Reopened (specify) Litigation Magistrate Judgment										
	Cite the U.S. Civil S	tatute under which	you are	filing (Do not cite	jurisdicti	onal sta	tutes unless diversity	y):		
VI. CAUSE OF ACTIO	N									
Brief description of cause:										
Misappropriation of trade secrets.										
VII. REQUESTED IN CHECK IF THIS IS A CLASS ACTION DEMAND \$ In excess of \$75,000. CHECK YES only if demanded in complaint						-				
COMPLAINT: UNDER F.R.C.P. 23 JURY DEMAND: ■ Yes ■ No						□ No				
VIII. RELATED CASE(S) IF ANY PLEASE REFER TO CIVIL L.R. 3-12 CONCERNING REQUIREMENT TO FILE "NOTICE OF RELATED CASE"										
IX. DIVISIONAL ASSIGNMENT (CIVIL L.R. 3-2) (PLACE AND "X" IN ONE BOX ONLY) SAN FXANCISCO/OAKLAND SAN JOSE										
DATE				NEX OF RECORD	$\overline{}$					
July 10, 2008										

COMPLAINT FOR MISAPPROPRIATION OF TRADE SECRETS

Document 1

Filed 07/10/2008

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1	For its Complaint, Plai
2	through its attorneys, hereby
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1	1. Plaintiff

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intiff Telespree Communications ("Telespree"), by and alleges as follows:

PARTIES

- 1. Plaintiff Telespree is a corporation organized under the laws of California with its principal place of business in San Francisco, California.
- 2. On information and belief, Defendant MFormation Technologies Inc. ("MFormation") is a corporation organized under the laws of Delaware with its principal place of business in Edison, New Jersey. On information and belief, Telespree alleges that MFormation does business in California.

JURISDICTIONAL STATEMENT

.Jurisdiction

3. This Court has jurisdiction of this action under 28 U.S.C. §§ 1332 and 1367(a). The Court has the power to grant declaratory and injunctive relief under 28 U.S.C. §§ 2201 and 2202.

Venue

4. Venue is proper in this Court under 28 U.S.C. § 1391(a) because a substantial part of the events that gave rise to Telespree's claims took place within the District, the defendant's tortious conduct was directed at this District, and because Telespree was injured by the defendant's tortious conduct committed in this District.

Intradistrict Assignment

5. This action arises in San Francisco County because Telespree's trade secret technology that is the subject of this litigation was developed and maintained in Telespree's headquarters in San Francisco, California. Pursuant to Civil Local Rule 3-2, this action is properly assigned to the San Francisco Division of the Northern District of California.

TELESPREE'S TRADE SECRET TECHNOLOGY

6. Telespree designs and licenses a software platform for activating, managing, and updating mobile devices "over-the-air," which allows telecommunications

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companies to automate functions that previously were performed by customer service representatives. Access to Telespree's technology, together with related technical documentation and information, is not commonly provided to the general public or to other persons who can obtain economic value from its disclosure or use. The secrecy of this information provides Telespree a substantial business advantage.

- 7. Telespree takes reasonable steps under the circumstances to maintain the confidentiality of its technology. Telespree has established trade secret policies for all its employees, maintains physical security in all its buildings, limits access to its technology—including software, specifications, and related information—to employees and business partners who are required to execute strict confidentiality agreements, and strictly monitors access to its technology.
- 8. Telespree's intellectual property, including its trade secrets, provide it with a competitive advantage in the marketplace. Unauthorized receipt and disclosure of these trade secrets would necessarily harm Telespree's business. Accordingly, Telespree maintains the specifications and details of its technology and related information as a trade secret.

MFORMATION'S ILLEGAL APPROPRIATION AND USE OF TELESPREE'S TRADE SECRET TECHNOLOGY

- 9. On or about October 17, 2005, Telespree Chief Technology Officer Jim Lavine contacted MFormation to express interest in a potential partnership between Telespree and MFormation. Telespree sought to license MFormation's Device Management (DM) server software into its suite of self-service applications for wireless devices. MFormation executives agreed to discuss partnership opportunities with Telespree.
- 10. On December 5, 2005, Telespree and MFormation executed an agreement entitled "Mutual Nondisclosure Agreement," a true and correct copy of which is attached hereto as Exhibit A (hereafter, the "NDA"). Under the NDA, the parties agreed that confidential information disclosed to each other during business negotiations would

remain confidential and would not be used "for any purpose except to evaluate and engage in discussions concerning a potential business relationship between the parties."

- software solutions to Virgin Mobile USA ("VMU"), a major wireless carrier and a Telespree client. On or about March 3, 2006, at VMU's request, Telespree prepared and delivered a comprehensive document detailing the operations of Telespree's wireless management software and describing how MFormation's technology could be integrated into Telespree's platform. In preparing for this presentation, Telespree disclosed confidential details of its "bootstrapping" process, a software and network configuration process that allows a mobile device to automatically register and self-configure itself on a wireless network. As then understood by Telespree, MFormation's software product lacked bootstrapping capability for non-programmed devices. During these discussions, Telespree further provided the details of its technology, specifically but not limited to its bootstrapping process as implemented for VMU. Each of Telespree's disclosures, including the detailed discussions of its bootstrapping process, was governed by the terms of the NDA between the parties.
- 12. On or about March 10, 2006, MFormation's Vice President of Sales, Brian Espy, sent an e-mail to Telespree's Vice President of Sales, Ellen Schwab, proposing the two companies "proceed in a partnership." In that e-mail, Espy explained that MFormation hoped to "license [Telespree software] from you and then pass it along to VMU as a bundled and hosted offering." Schwab responded that Telespree was not interested in permitting MFormation to license and host the Telespree platform, but that the company was interested in pursuing other forms of collaboration.
- 13. Following Schwab's March 10 message, MFormation terminated all communication with Telespree, despite the interest MFormation had expressed in a partnership.
- On or about June 30, 2008, Telespree became aware of an
 MFormation patent application, United States Patent Application No. 20080064367, dated

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September 2006. Upon review, Telespree realized that the patent application contained numerous Telespree trade secrets, specifically, but not limited to, the bootstrapping process that had been disclosed to MFormation in or about March 2006. MFormation's claims closely mimic Telespree's bootstrapping process for the over-the-air registration, configuration, and management of wireless devices. On information and belief, MFormation's patent application was developed directly from trade secrets Telespree provided to MFormation in the course of its 2006 discussions, constituting an unauthorized use and disclosure under the parties' NDA.

FIRST CLAIM FOR RELIEF

(Misappropriation of Trade Secrets)

- 15. Telespree incorporates by reference the allegations set forth in each of the previous paragraphs.
- 16. Telespree's trade secret technology consists of software, documentation, and other information not generally known to the public. This material is the subject of reasonable measures by Telespree to maintain its secrecy, and is the product of substantial investment in money and effort to develop it. Telespree's technology cannot be easily duplicated without specific knowledge of Telespree's trade secrets. The software and documents comprising Telespree's mobile technology therefore constitute "trade secrets" under applicable law.
- 16. MFormation wilfully and maliciously misappropriated Telespree's trade secret technology by acquiring those trade secrets, which were communicated in confidence and under the terms of the NDA, and using and disclosing them to compete with Telespree, as well as in a patent application, without Telespree's express or implied consent.
- 17. MFormation's conduct has damaged Telespree and will cause irreparable harm and damage in the future. Telespree is entitled to recover from MFormation the damages sustained as a result of the misappropriation alleged here. The

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amount of such damages cannot be determined at this time but will be proven at trial.
Telespree is further entitled to take sole ownership of all of MFormation's existing or
pending patents that incorporate misappropriated Telespree trade secrets.
19 Talasarras is informed and haliavas that M.Farmation's acts of

- misappropriation were both willful and malicious, meriting the imposition of punitive damages.
- 19. Telespree is informed and believes that MFormation are continuing and will continue to misappropriate Telespree technology. By reason of that ongoing misappropriation, Telespree will suffer severe and irreparable harm and damage, and Telespree will be without an adequate remedy at law. Telespree is therefore entitled to an injunction restraining MFormation from misappropriating Telespree technology.

SECOND CLAIM FOR RELIEF

(Breach of Non-Disclosure Agreement)

- 20. Telespree incorporates by reference the allegations set forth in each of the previous paragraphs.
 - 21. At all relevant times, the NDA was valid and in effect.
- 22. All information about Telespree software the company shared with MFormation in the course of business negotiations constitutes "Confidential Information" under the terms of the NDA.
- 23. By including Telespree trade secrets in United States Patent Application No. 20080064367, MFormation breached the NDA.
- 24. Telespree is entitled to recover from MFormation the damages sustained as a result of these breaches of the NDA. The amount of such damages cannot be determined at this time but will be proven at trial. Telespree is further entitled to recover from MFormation the gains, profits, and advantages that MFormation obtained as a result of these breaches. Telespree is currently unable to ascertain the full extent of these gains, profits, and advantages, but will prove the value thereof at trial.
 - 25. Telespree is informed and believes that MFormation is continuing

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and will continue to breach the NDA. By reason of these ongoing breaches, Telespree has and will suffer great and irreparable harm and damage, and Telespree will be without an adequate remedy at law. As a result, and pursuant to the express terms of the Agreements set forth above, Telespree is entitled to an injunction restraining MFormation from breaching the NDA.

THIRD CLAIM FOR RELIEF

(Conversion)

- Telespree incorporates by reference the allegations set forth in each 26. of the previous paragraphs.
- 27. At all relevant times, all Telespree technology was and is the sole property of Telespree.
- 28. Through the acts set forth above, MFormation took the Telespree technology and converted it to its own use, specifically but not limited to, MFormation's claimed ownership of the information contained in its United States Patent Application No. 20080064367.
- 29. Telespree is entitled to recover from MFormation the damages sustained as a result of these conversions of Telespree's property. The amount of such damages cannot be determined at this time but will be proven at trial. Telespree is further entitled to recover from MFormation the gains, profits, and advantages that MFormation obtained as a result of these conversions. Telespree is currently unable to ascertain the full extent of these gains, profits, and advantages, but will prove the value thereof at trial. Telespree is also entitled to transfer of all rights in and to said Patent Application, including title to and ownership of said Patent Application.
- 30. Telespree is informed and believes that MFormation's acts of conversion were both willful and malicious, meriting the imposition of punitive damages.

FOURTH CLAIM FOR RELIEF

(Unfair Competition)

31. Telespree incorporates by reference the allegations set forth in each

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- 32. Telespree has invested significant resources in developing its technology. Telespree also invests significant resources to market its products effectively against competing companies. Because its technology products constitute the bulk of the Telespree's revenues, these investments are the primary means by which Telespree operates a successful business. MFormation's willful misappropriation therefore constitutes unfair competition against Telespree.
- 33. Telespree is entitled to recover from MFormation the damages sustained as a result of MFormation's unfair competition against Telespree. The amount of such damages cannot be determined at this time but will be proven at trial. Telespree is further entitled to recover from MFormation the gains, profits, and advantages that MFormation obtained as a result of its unfair competition. Telespree is currently unable to ascertain the full extent of these gains, profits, and advantages, but will prove the value thereof at trial.
- 34. Telespree is informed and believes that MFormation's acts of unfair competition were both willful and malicious, meriting the imposition of punitive damages.

FIFTH CLAIM FOR RELIEF

(Breach of the Covenant of Good Faith and Fair Dealing)

- 35. Telespree incorporates by reference the allegations set forth in each of the previous paragraphs.
- 36. MFormation represented an interest in a business partnership with Telespree. In so doing, MFormation gained access to information about Telespree technology it would not normally have encountered in the normal course of business. In lieu of culminating the proposed partnership, MFormation willfully and maliciously appropriated Telespree's technology for its own use in breach of the covenant of good faith and fair dealing.
- 33. Telespree is entitled to recover from MFormation the damages sustained as a result of MFormation's breach of the covenant of good faith and fair

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1	dealing. The amount of such da	mages cannot be determined at this time but will be			
2	proven at trial. Telespree is further entitled to recover from MFormation the gains,				
3	profits, and advantages that MFormation obtained as a result of its breach. Telespree is				
4	4 currently unable to ascertain the	full extent of these gains, profits, and advantages, but will			
5	prove the value thereof at trial.				
6	6	PRAYER FOR RELIEF			
7	WHEREFORE, Plaintiff Telespree Computer, Inc. prays for judgment				
8	8 against MFormation as follows:				
9	9 1. For comper	nsatory damages in an amount to be determined at trial;			
10	0 2. For punitive	e damages in an amount to be determined at trial;			
11	1 3. For a prelin	ninary injunction restraining the misappropriation of			
12	Telespree to	echnology;			
13	4. For an injur	nction permanently restraining the misappropriation of			
14	Telespree to	echnology;			
15	5. For a prelin	ninary injunction restraining the breach of the			
16	6 Agreements	s;			
17	6. For the tran	sfer of title of United States Patent Application No.			
18	200800643	67 and any related applications to Telespree;			
19	7. For costs of	f suit incurred herein; and			
20	8. For such of	her relief as the Court deems just and proper.			
21	Dated: July 10, 2008	STEPHEN J. AKERLEY			
22	2	O'MELVENY & MYERS LLP			
23	3	\bigcirc \bigcirc \bigcirc			
24	1	By: Stephen J. Akerley			
25	l l	Attorney for Plaintiff Telespree Communications			
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28	S				